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# Lachlan Valley Water Inc

Sustainable, productive and efficient water use in the Lachlan Valley

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**Submission on**

**Productivity Commission Draft Report on**

**Murray Darling Basin Plan: Five year assessment**

October 2018

## **SUBMISSION – DRAFT REPORT ON BASIN PLAN: FIVE YEAR ASSESSMENT**

### **Introduction**

Lachlan Valley Water (LVW) welcomes this opportunity to make a submission on the Commission's Draft Report on the implementation of the Basin Plan after five years.

Lachlan Valley Water is the peak valley-based industry organisation representing more than 500 surface water and groundwater users in the Lachlan and Belubula valleys. Our members represent all categories of licences except for those held by environmental water managers.

Our submission addresses the draft findings and recommendations of the Productivity Commission's Report that have application to the Lachlan catchment.

### **Draft Recommendation 3.1**

**Once Water Resource Plans are finalised in July 2019, the Murray Darling Basin Authority should assess and determine the extent of over-recovery.**

**Basin Governments should then agree to a policy and timeframe to address any over-recovery where it has occurred.**

LVW agrees with the recommendation, and urges that it should be a high priority action. Generally the over-recovery has occurred in those valleys where large volumes of water were purchased on the market very early on, from 2008 to 2010, before the SDL reduction targets were set. Additionally, the majority of recovery in those valleys was achieved through market purchase rather than via irrigation efficiency and infrastructure projects, which increased the negative impact on the community.

We agree with Draft Finding 3.4 that the size and speed of water purchases has had negative impacts on some regional communities. The Basin Plan Evaluation 2017<sup>1</sup> acknowledges that the composition of water recovery has been considerably different to the assumptions used in the social and economic analysis done for the development of the Plan, and that as the community impacts became obvious the Commonwealth then shifted to prioritising recovery through investment in on and off-farm infrastructure projects.

We also agree that options should be canvassed with affected valleys, and note that the Lachlan, Macquarie and Gwydir valleys have already been working on this and have jointly submitted proposals to the Commonwealth Environmental Water Holder on how over-recovery could be addressed.

### **Draft Recommendation 3.2**

**The Department of Agriculture and Water Resources should ensure that water recovery aligns with the environmental requirements and its processes for doing this are transparent.**

LVW agrees with this recommendation.

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<sup>1</sup> P26, 2017 Basin Plan Evaluation, MDBA

### **Draft Recommendation 3.3**

**If provided, the Australian Government should target any further assistance to communities where substantial adverse impacts from water recovery have been identified. This should:**

- **Have clear objectives and selection criteria**
- **Be subject to monitoring and evaluation**

LVW agrees with this recommendation and with the Draft Finding 3.6 that grants-based structural adjustment programs are unlikely to have been effective at supporting communities. Our original submission to this Review expressed concern that there was no evidence that the distribution of funds through the MDB Strengthening Basin Communities Program had been linked to local government areas that had actually suffered social and economic impacts as a result of water recovery.

We are not suggesting that the projects funded under the Strengthening Basin Communities Program were not necessary or worthwhile, and in fact one of the largest projects in Round 1 of the Water Savings Initiatives, \$9.27 million for Lachlan Shire Council to secure water supply to Lake Cargelligo and other localities, was extremely valuable in providing drought security to the residents in these areas, but there had not been a significant volume of water recovery in this local government area.

The Draft Report refers to the \$20 million recently committed for economic development grants, and LVW agrees that if the objective is to assist those communities most affected to adjust to the impacts of the Basin Plan, then the program should be more accurately targeted to those areas where there is evidence of significant impacts and limited capacity to adjust to the impacts.

### **Draft Recommendation 4.5**

**Northern Basin Governments should put in place transparent and accountable governance arrangements for implementing the Northern Basin Toolkit. These arrangements should include:**

- **A mechanism to establish clear milestones to ensure the Toolkit measures are implemented within reasonable timeframes**
- **An independent assessment by the Murray-Darling Basin Authority of progress and effectiveness in implementing the measures**

LVW agrees with the recommendation. We also support the submission from National Irrigators Council that these complementary measures can significantly improve environmental outcomes throughout the Basin, rather than simply in the north, and that improving overall river health is a far more complex undertaking than merely providing volumes of environmental water.

### **Draft Recommendation 5.2**

**The Department of Agriculture and Water Resources should release a new strategy for recovering the additional 450 GL in a no regrets fashion early in 2019. No regrets water recovery requires that:**

- **The strategy should plan for a range of scenarios, and evolve as new information becomes available**
- **Water recovery should align with progress in easing or removing constraints**
- **The volume, type and location of water recovered should clearly contribute to enhanced environmental outcomes in Schedule 5 of the Basin Plan**
- **Alternative water products should be considered (such as leases and options) should be considered**
- **Program design should explicitly consider potential socio-economic impacts, and mitigation strategies. This should include close engagement with communities**
- **Price paid for water should be within predetermined benchmarks.**

LVW agrees with the recommendation and supports the proposed criteria for the water recovery strategy. We agree that a far more systematic program design is needed and that the current test for neutral or improved socio-economic outcomes is a simplistic and completely inadequate measure of the impact on the community.

The majority of the Schedule 5 targets are in South Australia and as the Commission's Draft Report<sup>2</sup> sets out, there is no clarity about whether an extra 450 GL can feasibly be delivered to the lower lakes. We endorse the question by National Irrigators Council as to whether increased flow targets are the most effective way to achieve environmental objectives in the lower lakes and the Coorong.

LVW does not believe that the concerns about negative socio-economic impacts on the wider community have been addressed through the Murray-Darling Basin Water Infrastructure Program which is currently out for tender, and agree with the Commission's view that potential adverse impacts are better addressed through program design. In particular, there should be a focus on the capacity of the strategy to evolve as new information is available, also that the water recovered should contribute to enhanced environmental outcomes as in Schedule 5, and that there should be an explicit consideration of socio-economic impacts and mitigation strategies.

#### **Draft Finding 6.1**

**The development and accreditation of Water Resource Plans (WRPs) is well behind schedule and there are still key issues to be finalised in some Water Resource Plan areas. There is a risk that attempting to accredit all WRPs by 30 June 2019 will:**

- **Compromise the quality of some plans**
- **Not allow sufficient time to consider and consult on key issues with affected stakeholders**
- **Inadvertently impact the entitlements of water users or the environment**
- **Reduce the effectiveness of WRPs in implementing key elements of the Basin Plan**

LVW strongly agrees with this finding. We are less than 9 months out from the June 2019 deadline and only one of the 20 Water Resource Plans that NSW is required to prepare has gone on public exhibition so far. There will be a very high workload for both agencies and stakeholders over the next six months to go through the public exhibition and submission process for all WRPs before the Plans are finalised and submitted to the MDBA for accreditation.

LVW agrees that the risks identified by the Commission are genuine, although our view is that the risk that stakeholder issues will not be properly addressed is far higher than the risk that the WRPs will not effectively implement the Basin Plan, given that the development of the Water Resource Plans has been heavily focussed on meeting the MDBA requirements for accreditation and addressing the requirements of Chapter 10 of the Basin Plan.

#### **Draft Recommendation 6.1**

**Basin Governments should immediately negotiate a pathway for granting extensions to the timelines for accrediting Water Resource Plans where there are outstanding issues to give sufficient time for adequate community engagement.**

NSW has significantly restructured its planning process over the last 2½ years, and while we consider the current process is sound, the restructuring took a lot of time and there is now a very large volume of work being undertaken in a very short timeframe. LVW therefore supports Draft Recommendation 6.1, although we are conscious that the risk is that the work will simply expand to fill the time available, and agree that only limited extensions of time should be allowed.

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<sup>2</sup> P102, 103 Productivity Commission Draft Report MDB Plan

## **Draft Recommendation 6.2**

**The Murray Darling Basin Authority should:**

- **Clarify what Basin States are required to self-report to show compliance with WRP obligations**
- **Articulate the compliance assessment regime**
- **Develop guidance and consult on how it proposes to assess amendments to WRPs**

LVW also agrees with Draft Finding 6.2 that the development of WRPs has been onerous and that there are key aspects on WRP implementation yet to be finalised, particularly around the ability to use adaptive management. We support Draft Recommendation 6.2, but recommend this should be done in consultation with Basin States as we believe the Murray-Darling Basin Authority has been overly prescriptive in its approach.

## **Draft Recommendation 11.1**

**The Murray-Darling Basin Authority, when developing the next five year Basin wide environmental watering strategy, should strengthen its value by:**

- **Including a clear objective to maximise environmental outcomes through effective and efficient environmental water management**
- **Include a secondary objective that environmental watering should seek to achieve social or cultural outcomes, to the extent that environmental outcomes are not compromised**
- **Provide clear guidance, under all water availability scenarios, on the relative priority of key Basin environmental assets**
- **Provide clear guidance, under all water availability scenarios, of the priority for achieving flow connectivity at the system scale**

LVW agrees that this recommendation would provide clear guidance on maximising environmental outcomes. We endorse the National Irrigators Council recommendation that community engagement should be core to this process, and suggest that the MDBA itself could do more to actively engage with local community members. There are only 8 regional MDBA engagement officers across the entire Basin, and as noted in our initial submission, LVW believes there is scope to have more staff that actually live in the regions to liaise more actively with local people.

## **Draft Recommendation 12.2**

**Basin States should consider the role, costs and benefits of consistent metering policies including the role of metering standards.**

**Basin Governments should work with Standards Australia to formally revise standards to ensure quality and cost effectiveness in water measurement.**

**The new metering implementation plans being developed by Basin States should be supported by publically available business cases.**

LVW strongly supports the accurate measurement of water usage, and agrees with the recommendation. The second point about Basin Governments working with Standards Australia to ensure quality and cost effectiveness in water measurement is important because of the wide variation in the volume and conditions of water use across the Basin, and the value of the standards being able to be practically implemented.